



## PROWLER NEWS

### ISSUE #10 - Spring 2009

**Prowler, Inc.** is now in its 10th year of assisting owners and developers, non-profits, and public agencies with development and planning challenges. We publish this newsletter to let friends know about our activities and how we are helping our clients. It's a good way to share our thoughts on some public policy questions - and a fun way to keep in touch. We hope you find it useful and thought-provoking. We welcome **your feedback** [[click here](#)]. And check out the rest of the website – [www.prowler.org](http://www.prowler.org).

#### ■ A FEW WORDS

You can't miss this recession: in the newspapers, in conversations over lunch, in our own lives. No sector is immune and businesses, non-profits, and public agencies are all feeling the pain. We probably haven't seen the worst of it: the impacts of property tax declines on City services will come after June, more storefronts will become vacant, and demands on groups like HPP-Homeless Prenatal Program will grow as resources shrink. (On one recent day 18 homeless families came in the door – within an hour and a half. Food distribution, which formerly lasted until Wednesdays, is now gone by Monday mornings.)

So far, San Francisco has dodged the worst of it, with unemployment relatively low (good news, unless it's you). We have a diverse economy without over-reliance on a single industry, along with a diverse, educated, and creative workforce. As the region grows, our concentration of homes, jobs, and transit will increasingly be recognized as a strength. Housing speculation has dampened and we aren't seeing abandonment. It's not a good time to be selling homes but it might be a good time to buy; not a good time to offer office space for lease but not a bad time to be looking.

We forget history and repeat it. (Or maybe we repeat it whether we remember it or not.) Booms and busts come in cycles as spring follows winter. Now is a good time to position for the return of growth. It's a good bet that in four or five years San Francisco's economy will be robust again—project planning, entitlement, and construction easily take that long. Clients of Prowler, Inc., such as public institutions, non-profits, and large landowners, are planting seeds.

#### ■ EASTERN NEIGHBORHOOD PLAN PASSES.

*City's economic analysis shows surprising impacts.*



In December, Mayor Newsom signed into law the largest re-zoning in San Francisco history. It's been almost nine years in the making. For the past few years, David Prowler has been participating on behalf of 888 Bryant and as a

member of the *Housing Action Coalition's* Regulatory Committee. The Plan covers, generally, South of Market (except Western South of Market, which is still being studied), Central Waterfront, Showplace Square, Potrero Hill, and the Mission.

Here's what it does:

- It creates new zoning districts, shrinking the areas formerly devoted solely to industrial uses and creating more blended districts. Uses in industrial areas are more tightly restricted to Production, Distribution, and Repair (PDR).
- About 1/3 of the areas lost height, almost 2/3 received height increases of 1- 2 stories (with increased fees imposed whether or not developers use the height increase). Some properties received more significant height increases.
- Residential projects are required to provide more bedrooms. Density limits—number of units per square feet of lot area—are removed.
- Fees and affordable housing requirements are increased. Developers are given more options to meet the affordability requirements.
- Ideally, projects complying with the Plan will benefit from streamlined environmental review.

The Plan generated a lot of passionate testimony from people with wildly different points of views. It was called a tool of gentrification; a utopian scheme to retain dwindling industries; a form of eminent domain; and even the ritual of a cargo cult ([see San Francisco Weekly newspaper article](#)).

For what the Plan will really do, it's worthwhile to look at the findings of the City's Controller's Office.

At the beginning of October, mid-stream through the Board of Supervisors hearings and after the Planning Commission had acted, the Controller's Office released their **Eastern Neighborhoods Area Plans: Economic Impact Report**. The report contrasts how the Eastern Neighborhoods would evolve without the Plan and also with the Plan enacted.

Some key findings of the study:

- The study assumes that without zoning change, "essentially no PDR jobs would remain" but that the more restrictive zoning in PDR zones would save 14,000 such jobs.

*[But even with the current, less restrictive, PDR zoning some would remain and some would go. Zoning alone doesn't attract, retain, or grow these jobs. Under the new Plan, they could not be replaced by many "new collar" uses: "multimedia, software development, web design, electronic commerce, information technology and other computer based technology" are now classified as offices. In the industrial zones, these uses are prohibited. In other areas, they are restricted to a few floors.]*

- The goal is to keep jobs for San Franciscans without college degrees—or at least to keep space for them. But many of these neighbors work in offices and **the Plan would block space for 116,000 office jobs**. The Report puts that in perspective; *the jobs prevented equal 15% to 20% of the entire base of private sector jobs in San Francisco.* And these aren't all white collar jobs, either. Nearly 20% of the "PDR workforce" works in office and administrative support.

As the Report states: *"The results are very significant. The fundamental point is that the loss of office jobs leads to a net loss in almost every occupational category."*

The Report makes some excellent suggestions for mitigating this blue collar job loss:

- *"Rather than simply permanently restricting new office uses in the Eastern Neighborhoods, the City could regulate new office development to ensure that new job opportunities are matched to the employment needs of San Francisco residents."*

The Plan takes a step in that direction. It reduces fees for owners participating in the City's workforce program. Employers are eligible for a break on their payroll taxes. But this incentive is only available to sites for hybrid production and office jobs. In these times of job loss, the incentive should be extended to all jobs.

## ■ HISTORIC GIFT CENTER REBORN AS 888 BRANNAN



With the help of Prowler, Inc., the owners of the historic 888 Brannan building are moving forward with plans to revitalize this building to meet the employment, sustainability, and market demands of the 21st Century. The building was built as the National Carbon Company Building in 1917 and it is

listed on the National Register of Historic Places. It's an industrial building with classical pretensions - including ornamental medallions with crossed flashlights! Eveready made batteries there until 1937, when Blake, Moffitt, and Towne Company bought the building for paper distribution.

The paper company left in 1981 and gift wholesalers and jewelers were brought in. But the wholesale distribution industry has changed everywhere. In the past ten years, 75% of independent gift and home décor retailers across the nation have closed their shops. Today the building is about 60% empty. What to do with this historic opportunity?

SKB, owners of the building (and Prowler, Inc clients) have decided to offer space to the types of companies doing the most to

grow San Francisco's job base: technology, digital arts, gaming companies and other creative entrepreneurs. We worked hard to ensure that the Eastern Neighborhoods Plan would allow such re-use. Originally, the Plan allowed only 5,000 square feet of office in any building in the zoning district, but now would allow entire landmark buildings, or up to 2 floors in similar buildings, to be offices. And in the Showplace Square neighborhood surrounding 888 Brannan, retailers such as Room & Board, Trader Joe's, REI, and other home furnishing retailers flourish.

Here's what Steve Wong, Senior Vice President of SKB Companies, says about David's role:

*"Without David, we would not have known that the zoning changes previously planned would be very restrictive, and that these changes were on a track to be approved in a relatively short time frame. David quickly arranged for us a seat at the table with City's planners, providing us the opportunity for us to have these potentially restrictive zoning changes revisited, by giving us the opportunity to demonstrate the need and benefits of more flexible zoning. His insight into the process allowed our efforts to be directed in an efficient approach."*

The building needs some TLC: energy efficiency improvements, new roof, HVAC, atrium and lobby improvements, acoustic and tenant improvements. We are working with the City to craft a program which would enable the building to take its place in the new economy.



**1: In the Harvey Milk Archives at the Main Library there is a file named "David Prowler". What's in the file?**

- Material regarding the anti-real estate speculation tax measure that David worked on with Harvey. At a time when multi-unit Victorians were selling for \$40,000, the campaign literature was headlined "You can't afford to live in San Francisco anymore!"
- Party invitations
- The directive from Mayor Moscone that "as a matter of law and policy, public business must be public." The directive established the right of City employees to grant interviews to the press.
- A napkin from *Hamburger Mary's*

See next page for the answer.

**2. President Obama cares about cities because he lived in one. Who was the last president to go to the White House from a big city?**

- Franklin D. Roosevelt
- Ulysses S. Grant
- Theodore Roosevelt
- Richard M. Nixon

See next page for the answer.



3: These days we read a lot about buildings previously "in the pipeline" which are now on hold or scrapped. Which of the following was not a serious proposal within the last fifteen years?

- A. Butterfly Museum, proposed on the Embarcadero
- B. Terrapin Station, a *Grateful Dead*-themed hotel and museum
- C. Mission Bay Home Depot
- D. Puffs of pink clouds over the intersection of Market and Castro Streets
- E. All of the above were real proposals.

See next page for the answer.

4: In the 25 square mile center of which world capital is there a ban on all new buildings?

- A. Rome
- B. Bernal Heights
- C. Washington, D.C.
- D. Kuala Lumpur
- E. Brasilia

See next page for the answer.

> >ANSWERS TO THE QUIZ:

1. Answer: **C.** – **Harvey’s resolution asking the City Attorney to “prepare an opinion on whether City employees are subject to “gag rules”.** David had been suspended from the staff of the Human Rights Commission for speaking to a reporter about rent increases. (San Francisco, at that time, had no rent control.) After Mayor Moscone issued a new “open press” policy, David was re-instated.



2. Answer: **D.** – **Nixon’s the one.** He lived on Fifth Avenue. After leaving the White House, he returned to live in Manhattan.



3. Answer: **E.** – They were all under serious consideration.

4. Answer: **A.** – **Rome.**

